

# EXHIBIT 1

BLACKJEWEL, LLC, ET AL. v.  
UNITED BANK

JEFFERY HOOPS  
10/13/2021

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA

\* \* \* \* \*

In re:

Chapter 11

Blackjewel, L.L.C., et al,

Case No. 19-30289

Debtors,

(Jointly Administered)

BLACKJEWEL, L.L.C., et al.

Plaintiffs,

v. Adv. Proceeding 3:20-ap-03007

UNITED BANK,

Defendant.

\* \* \* \* \*

Videotaped deposition of JEFFERY HOOPS  
taken by the Defendant under the Federal Bankruptcy  
Rules in the above-entitled action, pursuant to  
notice, before Elizabeth A. Hill, Court Reporter,  
at Steptoe & Johnson, 1700 Chase Tower, Charleston,  
West Virginia, on the 13th day of October, 2021.

REALTIME REPORTERS, LLC  
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APPEARANCES

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1 Q. The -- I have viewed your property taxes in  
2 Florida from the Assessor's Office in Pinellas  
3 County, and it lists a Milton address as the  
4 address of record for purposes of property taxes.  
5 Are you aware of that?

6 A. I am not surprised by that, but I'm --

7 Q. To your knowledge, are those taxes  
8 forwarded to your Milton address, the Florida  
9 property taxes?

10 A. Yes, sir.

11 Q. Okay. You're married to Patricia Hoops;  
12 correct?

13 A. That's correct.

14 Q. How long have you been married?

15 A. 47 years.

16 Q. Often that question gets asked with the  
17 wife here and it is very awkward, but you didn't  
18 pause very long. Do you recall your wedding date?

19 A. June 15th, 1974.

20 Q. Did you get married out of high school?

21 A. One week after we graduated, yes.

22 Q. How many kids do you have?

23 A. Three sons.

24 Q. What are their names?

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1 A. Jeffery II, Jeremy, and Joshua.

2 Q. I don't want to assume, but I think -- is  
3 that the order of their births, Jeffery, Jeremy,  
4 and then Joshua?

5 A. That's correct, yes.

6 Q. How old is Jeffery?

7 A. 44.

8 Q. How old is Jeremy?

9 A. 40.

10 Q. And Joshua?

11 A. 33.

12 Q. Where does Jeffery live?

13 A. He lives in Scott Depot, West Virginia.

14 Q. That's pretty close to Milton, isn't it?

15 A. 10 miles or so.

16 Q. And where does Jeffery work, or where is he  
17 employed as best you know?

18 A. He works for Lexington Coal Company.

19 Q. For Lexington Coal Company?

20 A. Yes.

21 Q. And what does he do for Lexington Coal  
22 Company? What is his position?

23 A. He's an engineer.

24 Q. Does Jeffery have a degree in engineering?

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1 A. Until 2008.

2 Q. So what happened in 2008?

3 A. The company was sold.

4 Q. So did Denham Capital at that point sell  
5 their portion of Frasure Creek?

6 A. Yes. Actually, I resigned prior to the  
7 sale. The sale was subsequent to my resignation.

8 Q. Okay. Why did you resign?

9 A. I really didn't want to have to work for  
10 the next company. It was for sale, and obviously  
11 it was going to be sold, so they brought in a new  
12 management team and allowed me to resign and move  
13 on at that point.

14 Q. Time to do something else?

15 A. Yes, sir.

16 Q. Okay. What did you do next?

17 A. Started Revelation Energy. It was formed  
18 in late -- right at the end of the year in 2008.

19 Q. When you started Revelation, did you have  
20 any mines already --

21 A. No, sir.

22 Q. Okay. When did you first acquire mines for  
23 Revelation?

24 A. Probably early 2009.

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1 Q. Did you start off with one mine, more than  
2 one? Do you recall?

3 A. It was just one mine when we started.

4 Q. What mine was that?

5 A. It was Hunts Branch Mine in Phelps,  
6 Kentucky.

7 Q. Did you eventually acquire other mining  
8 operations?

9 A. Yes, sir.

10 Q. How many mining operations did Revelation  
11 ultimately acquire?

12 A. It was more than 10. I don't recall  
13 exactly.

14 Q. And what states were those mines located  
15 in?

16 A. Revelation was West Virginia, Kentucky, and  
17 Virginia.

18 Q. I have seen records that indicate that  
19 Revelation -- and if I'm using the incorrect  
20 terminology, please feel free to correct me --  
21 became Blackjewel at some point in 2017. Am I  
22 correct in that?

23 A. Yes, sir.

24 Q. What was the reason for the creation of

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1 Blackjewel?

2 A. In 2017 it was decided by the management  
3 and board at Blackjewel that -- or at Revelation at  
4 the time. It was much the same if you looked in  
5 the coal industry. All the major producers were  
6 moving to focus on their metallurgical mines. So  
7 the reason was to -- basically, by 2017 Revelation  
8 had idled its mines that were used for thermal coal  
9 and was focused on just mining metallurgical coal.  
10 And so the thought was to really kind of rebrand  
11 the company as Blackjewel and focus on maximizing  
12 the metallurgical coal that it produced. And the  
13 thermal mines were idled, and so they were left in  
14 Revelation. And the new mines or the metallurgical  
15 mines were placed in Blackjewel at the time.

16 Q. How many mines were idled? Do you recall?

17 A. That happened over a number of years, so  
18 there were probably 8 or 10 mines idled.

19 Q. Then how many mines survived? How many  
20 were the met coal mines that kept going?

21 A. There were probably -- deep mines and  
22 surface mines, probably 12 to 15 mines.

23 Q. So after the creation of Blackjewel, were  
24 there any -- did Revelation or Blackjewel operate



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1 was made to acquire operations out in Wyoming, but  
2 those were thermal? Were those thermal coal mines?

3 A. Thermal mines, yes, sir.

4 Q. We may get into that a little more later,  
5 but I appreciate you clarifying that.

6 You testified that in 2017 that decision to  
7 create Blackjewel and create the separation was  
8 decided by the board. Who was the board in 2017  
9 when that decision was made?

10 A. The board of directors was Jeff Scofield,  
11 John Reynolds, and myself.

12 Q. And who are Jeff Scofield and John  
13 Reynolds?

14 A. They are -- John Reynolds was the founder  
15 of Lime Rock Partners, and obviously a partner in  
16 Lime Rock, and Jeff Scofield was the chief  
17 operating officer of Lime Rock Partners.

18 Q. Did you say "chief operating officer"?

19 A. Yes, sir.

20 Q. Excuse me. Are you currently an officer in  
21 any business?

22 A. Not to my knowledge, no.

23 Q. Are you working today? And that's a kind  
24 of vague question, but are you currently -- do you

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1 A. No.

2 Q. Was Jeffery a trustee of the Blackjewel  
3 Trust?

4 A. I don't think so.

5 Q. Was Jeremy a trustee of the Blackjewel  
6 Trust?

7 A. He may have been.

8 Q. Were you a trustee of the Blackjewel Trust?

9 A. I'm not sure. I may have been. I don't  
10 think I could be a trustee, but I -- so I'm not  
11 sure. I don't think so, but I'm not -- you would  
12 have to get the organization documents and see. I  
13 just can't tell you off the top of my head.

14 Q. Whatever the document says it obviously  
15 says. Is that fair enough?

16 MR. KANE: Object to the form of the  
17 question.

18 A. I wouldn't -- I wouldn't make a blanket  
19 statement saying that -- we have seen a number of  
20 times here that documents prepared, even prepared  
21 by United's attorney, are wrong. So I'm not going  
22 to give you a blanket statement to say because a  
23 document says it that it's correct.

24 Q. You can't -- as you sit here today, you

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1 focus of it, and I kind of told them about the  
2 project, but I don't remember any questions or  
3 anything related to who the owners were or  
4 whatever.

5 I think -- I think it's pretty common knowledge  
6 that the Hoops family is involved with the Grand  
7 Patrician, and I don't know that anybody ever said,  
8 "Do you own it? Are you the member? Are you the  
9 manager?" I don't remember having those  
10 conversations with anyone.

11 Q. You testified earlier that you -- that Lime  
12 Rock was involved with Blackjewel. Do you recall  
13 that?

14 A. Yes, sir.

15 Q. I don't think we got into great detail  
16 about that, but we'll touch back on that a little  
17 more. What was the nature of the relationship  
18 between Lime Rock and Blackjewel?

19 A. Lime Rock is a private equity fund. They  
20 made a substantial capital investment, almost \$90  
21 million, in Blackjewel. They owned 62.5 percent of  
22 the company. They controlled the board. They were  
23 very actively involved in preparing financial  
24 models. They were actively involved in weekly

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1 calls, reviewing operations and finances of the  
2 company. So they were very hands-on and very  
3 involved in the management of the company.

4 Q. And I know you already provided this to me,  
5 and I know I'm asking the same question again, but  
6 who were the two individuals? I think it was --  
7 was it Jeff Scofield and who else were board  
8 members?

9 A. John Reynolds.

10 Q. John Reynolds. And did they have titles as  
11 members of the board? Were all three of you just  
12 members of the board?

13 A. Just all three board members.

14 Q. Did you have equal voting rights?

15 A. They controlled the board.

16 Q. I understand there were two of them and  
17 you, but if you had a vote on the board, did you  
18 each get a vote?

19 A. Yes.

20 Q. Obviously, two to three would win?

21 A. Yes.

22 MR. HAYES: Two to one.

23 MR. KANE: Two to one.

24 MR. RAUPP: Two to one. Thank you for

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1 the math correction.

2 Q. And they invested \$90 million, you said?

3 A. Approximately, yes.

4 Q. When was that?

5 A. Over a several year period of time from  
6 2009 to probably 2014.

7 Q. And so it wasn't one lump sum?

8 A. No.

9 Q. Do you remember how many payments they made  
10 towards --

11 A. I would just be guessing, but it was  
12 multiple payments, five, six, or more.

13 Q. And the total about 90?

14 A. Yes.

15 Q. And you said that was from 2009 to 2014, so  
16 would that have been in the period when it was  
17 still Revelation?

18 A. Yes.

19 Q. Did their stake transfer then to  
20 Blackjewel?

21 A. Yes. Yeah. Blackjewel is actually  
22 Revelation, if you look. Basically, it's the same  
23 FEIN number, so it was just a name change of  
24 Revelation to Blackjewel.

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1 Q. So in terms of your relationship with Lime  
2 Rock and their participation in the board,  
3 nothing -- nothing changed; is that correct?

4 A. That's correct, yes, they still had  
5 control.

6 Q. Did they always -- I guess from the get-go,  
7 when they first made their first payment towards  
8 their last payment and then onwards towards  
9 bankruptcy, did their ownership percentage ever  
10 change?

11 MR. HAYES: Objection to form.

12 A. Yes.

13 Q. I know you testified that they were, I  
14 think, 62.5 percent owners.

15 A. Yes.

16 Q. Was it ever more than that?

17 A. I don't think so.

18 Q. So what -- I guess was it ever less than  
19 that?

20 A. Yes.

21 Q. Did it increase over time then?

22 A. Yes.

23 Q. When they first invested, what was their  
24 ownership percentage?

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1 A. I don't recall exactly. It was somewhere  
2 in the neighborhood of 50, close to 50 percent  
3 owner.

4 Q. In 2009, or from 2009 until the time of the  
5 bankruptcy, were there ever more than the three of  
6 you on Blackjewel's board of directors?

7 A. No.

8 Q. And you testified a minute ago that they  
9 had a somewhat active role. Am I characterizing  
10 that correctly?

11 A. Yes. They were very, very involved in the  
12 business.

13 Q. And if you don't mind, tell me what exactly  
14 was their day-to-day role in the running of  
15 Blackjewel?

16 A. As I stated, you know, any major  
17 acquisitions or decisions related to the company  
18 required board -- board approval. They had weekly  
19 calls where they reviewed all the operations each  
20 Friday. They prepared the financial models, the  
21 ones that we used for banks. And they certainly --  
22 in the case of Riverstone, they're the ones that  
23 came -- came -- brought Riverstone to the table.  
24 So they were very involved, especially on the

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1 A. That is correct.

2 MR. RAUPP: Object to form.

3 Q. Because there was no money to pay them?

4 A. Yes.

5 MR. KANE: Let's take a like  
6 5-minute break so I can organize myself.

7 THE VIDEOGRAPHER: The time is  
8 5:10 p.m. We're off the record.

9 (Off the record.)

10 THE VIDEOGRAPHER: The time is  
11 5:14 p.m. We're on the record.

12 BY MR. KANE:

13 Q. Mr. Hoops, I'm going to jump around a  
14 little bit in an effort to make sure I have asked  
15 all the questions I want to ask, so apologies.  
16 I'll try to let you know when I'm changing topics.

17 I'm going to start with the ownership of  
18 Blackjewel. You said that at the time of the  
19 bankruptcy filing, that Lime Rock owned 67.5  
20 percent and that your side owned 32.5? Did I --  
21 I'm sorry. I got it wrong. 62.5 on the Lime Rock  
22 side, 37.5 on what I'm going to call just  
23 imprecisely your side for now; is that right?

24 A. That's correct.



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1 MR. HAYES: Object to the  
2 characterization.

3 Q. Was your side owned by you directly, or was  
4 it owned through another entity?

5 A. It was owned by the Blackjewel Trust.

6 Q. Okay. And that -- you testified in  
7 response to questions that those ownership  
8 percentages changed over time as Lime Rock put more  
9 money into Blackjewel. Did I recall that  
10 correctly?

11 A. That's correct.

12 Q. Do you recall as of March 30, 2017, what  
13 the ownership percentages were?

14 A. Well, at that time Blackjewel didn't exist.  
15 It wasn't formed until the Riverstone loan and  
16 restructuring took place in July of 2017.

17 Q. What about on the Revelation side, what was  
18 the ownership percent -- or of Revelation, what was  
19 the ownership percentages as between Blackjewel  
20 Trust and Lime Rock then?

21 A. It was a little different than that. It  
22 was -- I would just be guessing. It was probably  
23 60 percent Lime Rock or probably 60 -- yeah, 60  
24 percent Lime Rock, probably 35 percent -- I'm